

## Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 INR-07 NSAE-00  
PA-01 USIA-06 PRS-01 SP-02 COME-00 EB-08 LAB-04  
SIL-01 AGRE-00 TRSE-00 /045 W  
-----076400 220203Z /73

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FM AMCONSUL SAO PAULO  
TO SECSTATE WASHDC 8113  
INFO BRASILIA 7141  
RIO DE JANEIRO 536

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E.O. 11652: N/A  
TAGS: PINT, EGEN, EIND, BR  
SUBJECT: SAO PAULO FEDERATION OF INDUSTRIES PRESIDENT  
INAUGURATED FOR A FIFTH THREE-YEAR TERM

1. THEOBALDO DE NIGRIS WAS INAUGURATED FOR HIS FIFTH THREE-YEAR TERM AS HEAD OF THE POWERFUL FEDERATION OF INDUSTRIES OF SAO PAULO ON NOVEMBER 18 WITH MAJOR ADDRESSES BY THREE CABINET MINISTERS, A SIGNIFICANT PRECEDENT. RISING TO THE OCCASION, THE USUALLY INEXPRESSIVE DE NIGRIS CALLED FOR PARTICIPATION OF BUSINESSMEN IN THE DECISIONS OF THE GOVERNMENT IN ORDER TO AVOID SURPRISES. DE NIGRIS BALANCED THIS REQUEST WITH A GENERAL DEFENSE OF THE GOVERNMENT AND AN ATTACK ON HIS CRITICS WITHIN FIESP WHO ACCUSE HIM OF INADEQUATELY DEFENDING BUSINESS INTERESTS. AS A FOLHA DE SAO PAULO COLUMNIST PUT IT, DE NIGRIS ADVOCATED "DEMOCRACY BUT NOT MUCH OF IT."

2. DE NIGRIS WAS FLATTERED NOT ONLY BY THE PRESENCE OF MINISTER OF THE TREASURY SIMONSEN, MINISTER OF PLANNING REIS VELLOSO AND MINISTER OF MINES AND ENERGY UEKI BUT WHAT THEY HAD TO SAY ABOUT HIM. IN PART, THE PRESENCE OF SO MANY MINISTERS WAS THE RESULT OF PRESIDENT OF VENEZUELA  
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PEREZ'S VISIT AND BRAZIL EXPORT '77, BUT GOVERNOR PAULO EGYDIO MARTINS MADE THE MOST OF THEIR PRESENCE BY CALLING ON EACH OF THEM TO SPEAK. SIMONSEN AND REIS VELLOSO REPEATED THEMES COVERED WITH VISITING GERMAN INDUSTRIALISTS AND REPORTED RECENTLY IN THE PRESS BUT GAVE ELOQUENT AD LIB DEFENSES OF GOVERNMENT ECONOMIC POLICIES OVER THE LAST FOUR YEARS. SIMONSEN NOTED THAT BRAZIL HAD ESCAPED A RECESSION

AND ASSERTED THAT THE MOST ECONOMIC DIFFICULTIES ARISING FROM THE OIL CRISIS HAD BEEN OVERCOME. THE BALANCE OF TRADE WOULD BE IN EQUILIBRIUM IN 1977 (HE PREDICTED A \$12 MILLION SURPLUS IN A DISPLAY OF PRECISION FORECASTING), AND ALTHOUGH COMMODITY PRICES AND THEREFORE EARNINGS WOULD BE LOWER IN 1978, EXPORTS OF MANUFACTURED GOODS WOULD AGAIN INCREASE, RESULTING IN A GOOD YEAR. THE ATTACK ON DOMESTIC INFLATION WAS PROCEEDING AND THE RATE WOULD BE UNDER 40 PERCENT IN 1977. SIMONSEN CALLED ON BUSINESSMEN TO MODERATE THEIR DEMANDS OF THE GOVERNMENT AND TRY TO UNDERSTAND THE DEMANDS OF THE GOVERNMENT AND TRY TO UNDERSTAND THE GOVERNMENT'S POSITION AS A MODERATOR BETWEEN CONFLICTING PRESSURE GROUPS. REIS VELLOSO SAID THAT BRAZIL'S GDP WOULD BE \$158 BILLION IN 1977 IN CURRENT DOLLARS AND CONTRASTED THE COUNTRY'S CONTINUED GROWTH OVER THE PAST FOUR YEARS WITH VERY MODEST GROWTH IN THE DEVELOPED COUNTRIES. HE SAID INDUSTRY NOW ACCOUNTED FOR 40 PERCENT OF GDP, WHEREAS AGRICULTURE PROVIDED ONLY 11 PERCENT. BRAZIL WAS NOW 60PERCENT URBANIZED. UEKI WAS HUMOROUS AND WOULD UP WITH AN APPEAL FOR BRAZILIANS TO MAINTAIN THEIR OPTIMISM IN CONTRAST WITH PESSIMISM PERVASIVE IN EUROPE.

3. COMMENT: THE PRESENCE OF THREE MINISTERS WAS OBVIOUSLY DESIGNED TO SUPPORT DE NIGRIS AGAINST HIS MORE VOCAL AND INTELLIGENT CRITICS WHO, O ESTADO NOTED, WERE NOT PRESENT: EINAR KOK, CLAUDIO BARDELLA, PAULO VILLARES, JOSE MINDLIN, LIMITED OFFICIAL USE

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AND CARLOS VILLARES. BY SUPPORTING A RATHER TAME CAT WHO HAD TO BE ALLOWED TO MAKE SOME CRITICAL REMARKS ABOUT THE REGIME, THE BRAZILIAN GOVERNMENT IS CONTINUING ITS DIALOGUE WITH THE SAO PAULO BUSINESS COMMUNITY AND ITS OWN DEFENSE AGAINST THE DISAFFECTION PREVALENT AMONG MANY THOUGHTFUL PAULISTA BUSINESSMEN WHO TRADITIONALLY HAVE BEEN STRONG SUPPORTERS OF THE EXISTING BRAZILIAN SYSTEM. CHAPIN

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
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**Disposition Approved on Date:**  
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**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Type:** TE  
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